

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ADP-00 SCEM-02 INT-08 COME-00

CIEP-02 CEA-02 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

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R 151609 Z MAY 73

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 8857

INFO AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION OECD PARIS

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E. O. 11652 N/A

TAGS: ENRG, EIND, AU

SUBJ: NEW PETROLEUM IMPORT POLICY PROPOSED FOR AUSTRIA

SUMMARY: FRANZ GEIST, DIRECTOR GENERAL OF NATIONALIZED INDUSTRIES, RECENTLY PROPOSED CHANGE IN AUSTRIA'S CRUDE OIL IMPORT POLICY WHICH WOULD GRANT MONOPOLY ON ALL IMPORTS TO OEMV, AUSTRIA'S NATIONALIZED PETROLEUM COMPANY. PROPOSAL WAS SUBSEQUENTLY REJECTED BY GOA TRADE MINISTRY, BUT THIS DOES NOT NECESSARILY KILL IT. END SUMMARY.

1. IN HIS SPEECH, GEIST ARGUED THAT POLICIES OF INTERNATIONAL OIL COMPANIES ARE MORE AND MORE BEING DETERMINED BY NEEDS OF COUNTRIES IN WHICH THESE FIRMS ARE HEADQUARTERED. DESPITE FRIENDLY RELATIONS WITH LARGE INTERNATIONAL COMPANIES PRESENTLY IN AUSTRIA, GEIST FEARS LOOMING ENERGY CRISIS MIGHT INVOLVE DECISIONS DETRIMENTAL TO AUSTRIA'S OIL IMPORT NEEDS.

2. GEIST FORECASTS AUSTRIA'S REQUIREMENTS FOR PRIMARY ENERGY  
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WILL GROW FROM 21.1 BILLION CRUDE OIL UNITS IN 1971 TO ALMOST 40 BILLION IN 1985, OF WHICH ONLY 3.3 BILLION UNITS WILL BE IN FORM OF SOLID MINERAL FUELS. IN VIEW OF THIS RISE IN DEMAND AUSTRIA WILL BECOME EVEN MORE DEPENDENT ON PRODUCERS' PRICES AND THEIR WILLINGNESS TO SELL. ( AUSTRIA' S CRUDE OIL REQUIREMENTS ARE PRESENTLY COVERED IN ALMOST EQUAL AMOUNTS BY PURCHASES FROM INTERNATIONAL COMPANIES, DIRECT OEMV IMPORTS AND DOMESTIC PRODUCTION.) AS SOLUTION HE SEES SINGLE PURCHASER WORKING UNDER EXCLUSIVE ARRANGEMENTS WITH ONE OR TWO SUPPLIER COUNTIRES.

3. COMMENT: MOST US COMPANY REPS BELIEVE GEISTS' S PROPOSAL REPRESENTS RECOMMENDATION OF PAUL FRANKEL, LONDON OIL ECONOMIST WHO IS ADVISER TO OEMV. THESE SAME REPS ALSO DOUBT THAT STABILIZED AND DEPENDABLE SUPPLIES CAN BE ACHIEVED BY DEALING WITH ONLY ONE OR TWO PRODUCER COUNTRIES. FINALLY, THEY MENTION CURRENT CONTRACTS WITH ESSO AND MOBIL WHICH RUN THROUGH 1976 COVERING HALF OF TOTAL IMPORTS AS WELL AS PROCESSING RIGHTS AND TECHNICAL AGREEMENTS. OF INTEREST ALSO IS FACT THAT GOA RECENTLY CONCLUDED A 4 MILLION MTON (28 MILLION BARRELS) CRUDE PURCHASE AGREEMENT WITH IRAQ AT IMPORTED VALUE OF AS 2 BILLION ( DOLS 100 MILLION). DEAL CALLS FOR DELIVERY OF 1 MILLION TONS ANNUALLY FOR FOUR YEARS. MOWINCKEL

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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